

**Exhibit 300 (BY2008)**

<b>PART ONE</b>	
<b>OVERVIEW</b>	
<b>1. Date of Submission:</b>	2006-11-07
<b>2. Agency:</b>	015
<b>3. Bureau:</b>	45
<b>4. Investment Name:</b>	Interim Revenue Accounting Control System (IRACS)
<b>5. UPI:</b>	015-45-01-01-01-2261-00
<b>6. What kind of investment will this be in FY2008?</b>	
Mixed Life Cycle	
<b>7. What was the first budget year this investment was submitted to OMB?</b>	
FY2001 or earlier	
<b>8. Provide a brief summary and justification for this investment, including a brief description of how this closes in part or in whole an identified agency performance gap.</b>	
<p>IRACS records and reports revenue financial data processed from all IRS automated and manual tax systems. GAO recognizes IRACS as the revenue accounting system of record for IRS; IRACS does not record administrative financial information (furniture, rents, salaries, etc.). For the most recent fiscal year, IRACS recorded more than \$2.3 trillion in tax revenue and more than \$267 billion in refunds. Every financial transaction that is input to the IRACS General Ledger must trace back to the original IRS IT system that processed the money. IRACS tracks financial data from receipt of the tax return to payment of outstanding taxes or refund issuance. All financial data from the IRS tax processing systems is summarized and the individual customer information has been stripped prior to input to the IRACS database. Other financial data are recorded such as photocopy fees and installment agreement user fees. No other IRS project performs a similar function. TIGTA has found IRACS to be a reliable system. Additionally, IRACS enabled the IRS to receive a "clean opinion" of its Financial Statement Audit by GAO for FY 2005. IRACS fulfills the agency's financial reporting requirements mandated by the U.S. Tax Code, Public Law 97-255, Federal Managers' Financial Integrity Act (FMFIA), Comptroller General's Directives, and Treasury Department's Financial Directives, GAO, and OMB. These statutory requirements mandate that the IRS record, control, account for, reconcile, and balance all monies collected for payment of taxes, interest, and penalties and the accruals of interest and penalty receivables. This includes monies received at IRS service centers, collected at IRS local offices, or deposited at commercial and Federal Reserve banks for IRS. IRACS allows IRS to comply with the Secretary of Treasury's directive to report all financial activity within three days after the end of the Accounting Month. IRACS is the IRS revenue accounting system of record and is not included in the IRS target architecture nor scheduled to be replaced. Additionally, IRACS also performs additional control functions that are outside the scope of general ledger accounting. IRACS is the mechanism by which IRS reconciles each deposit and refund issued with the Department of Treasury's clearing house program. Also, IRACS is the control system by which the IRS collection function reconciles its seizures and offers-in-compromise.</p>	
<b>9. Did the Agency's Executive/Investment Committee approve this request?</b>	
yes	
<b>9.a. If "yes," what was the date of this approval?</b>	
2006-08-09	
<b>10. Did the Project Manager review this Exhibit?</b>	
yes	
<b>11. Project Manager Name:</b>	
Walker, Joan	
<b>Project Manager Phone:</b>	
202-283-3764	
<b>Project Manager Email:</b>	
Joan.Walker2@irs.gov	
<b>12. Has the agency developed and/or promoted cost effective, energy-efficient and environmentally sustainable techniques or practices for this project.</b>	
no	
<b>12.a. Will this investment include electronic assets (including computers)?</b>	

no	
12.b. Is this investment for new construction or major retrofit of a Federal building or facility? (answer applicable to non-IT assets only)	
no	
13. Does this investment support one of the PMA initiatives?	
yes	
If yes, select the initiatives that apply:	
Financial Performance	
13.a. Briefly describe how this asset directly supports the identified initiative(s)?	
IRACS enables the IRS: to comply with the Treasury's mandate for a three-day Accounting Month close; to issue the FY 2005 Performance and Accountability Report; to receive a "clean opinion" of its Custodial Financial Statement Audit by GAO.	
14. Does this investment support a program assessed using OMB's Program Assessment Rating Tool (PART)?	
no	
15. Is this investment for information technology (See section 53 for definition)?	
yes	
16. What is the level of the IT Project (per CIO Council's PM Guidance)?	
Level 2	
17. What project management qualifications does the Project Manager have? (per CIO Council's PM Guidance)	
(1) Project manager has been validated as qualified for this investment	
18. Is this investment identified as high risk on the Q4 - FY 2006 agency high risk report (per OMB's high risk memo)?	
yes	
19. Is this a financial management system?	
yes	
19.a. If yes, does this investment address a FFMIA compliance area?	
yes	
19.a.1. If yes, which compliance area:	
Federal Accounting Standards	
19.b. If yes, please identify the system name(s) and system acronym(s) as reported in the most recent financial systems inventory update required by Circular A11 section 52.	
Interim Revenue Accounting Control System (IRACS)	
20. What is the percentage breakout for the total FY2008 funding request for the following? (This should total 100%)	
Hardware	0
Software	1
Services	0
Other	99
21. If this project produces information dissemination products for the public, are these products published to the Internet in conformance with OMB Memorandum 05-04 and included in your agency inventory, schedules and priorities?	
no	
22. Contact information of individual responsible for privacy related questions.	
Name	
Susan Dennis	
Phone Number	
202-622-5438	
Title	
Dep Comm Operations Support, Mission Assur & Security Svcs, Office Of Privacy, Privacy Operations	
Email	

Susan.Dennis@irs.gov

23. Are the records produced by this investment appropriately scheduled with the National Archives and Records Administration's approval?

yes

### SUMMARY OF SPEND

1. Provide the total estimated life-cycle cost for this investment by completing the following table. All amounts represent budget authority in millions, and are rounded to three decimal places. Federal personnel costs should be included only in the row designated Government FTE Cost, and should be excluded from the amounts shown for Planning, Full Acquisition, and Operation/Maintenance. The total estimated annual cost of the investment is the sum of costs for Planning, Full Acquisition, and Operation/Maintenance. For Federal buildings and facilities, life-cycle costs should include long term energy, environmental, decommissioning, and/or restoration costs. The costs associated with the entire life-cycle of the investment should be included in this report.

All amounts represent Budget Authority

(Estimates for BY+1 and beyond are for planning purposes only and do not represent budget decisions)

	PY-1 & Earlier	PY	CY
	-2005	2006	2007
Planning Budgetary Resources	0.000	0.000	
Acquisition Budgetary Resources	0.000	0.000	
Maintenance Budgetary Resources	3.589	0.010	
Government FTE Cost	11.291	0.662	
# of FTEs	15	6	

Note: For the cross-agency investments, this table should include all funding (both managing partner and partner agencies).

Government FTE Costs should not be included as part of the TOTAL represented.

2. Will this project require the agency to hire additional FTE's?

no

3. If the summary of spending has changed from the FY2007 President's budget request, briefly explain those changes.

Baseline Change was imposed by the bureau to reflect actual funds budgeted for FY 2008 IRACS IT costs. A similarly approved baseline request for FY 2006 has resulted in no impact to the schedule. For FY 2006, IRACS continues to provide excellent customer service as documented in the most recent Steady State review. For fiscal years 2008 and beyond, the costs are equivalent to FY 2006 with inflation rates (2.4 % for labor; 2.2 % for non-labor).

### PERFORMANCE

In order to successfully address this area of the exhibit 300, performance goals must be provided for the agency and be linked to the annual performance plan. The investment must discuss the agency's mission and strategic goals, and performance measures must be provided. These goals need to map to the gap in the agency's strategic goals and objectives this investment is designed to fill. They are the internal and external performance benefits this investment is expected to deliver to the agency (e.g., improve efficiency by 60 percent, increase citizen participation by 300 percent a year to achieve an overall citizen participation rate of 75 percent by FY 2xxx, etc.). The goals must be clearly measurable investment outcomes, and if applicable, investment outputs. They do not include the completion date of the module, milestones, or investment, or general goals, such as, significant, better, improved that do not have a quantitative or qualitative measure.

Agencies must use Table 1 below for reporting performance goals and measures for all non-IT investments and for existing IT investments that were initiated prior to FY 2005. The table can be extended to include measures for years beyond FY 2006.

Table 1

	Fiscal Year	Strategic Goal(s) Supported	Performance Measure	Actual/baseline (from Previous Year)	Planned Performance Metric (Target)	Performance Metric Results (Actual)
1	2004	Treasury Strategic Goal: Manage the	Per the annual Service Level Agreement (SLA) between CFO and the	Three days	Receive a "green status" for the monthly CFO	Successfully meet the Secretary of Treasury's

		U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of IRS financial reports by closing within three business days of the new month.		financial reporting "scorecard" that is distributed by the Secretary of Treasury.	mandate for 3 day close. IRS met most recent 3 day close initiative on August 4, 2004.
2	2004	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Per the annual Service Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of IRS financial report generation within one hour.	Two hours	Generate selected report with 30 minutes of user request.	Per review of DCC system logs, all reports generate within 30 minutes. Performance metric is being met as of August 9, 2004.
3	2004	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Per the annual Service Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of the IRS accelerated financial audit by completing the audit by November 15, 2004.	15 days	Receive an unqualified opinion of IRS's custodial financial audit from GAO.	Issue the audited unqualified financial statements on November 15th, 2004.
4	2005	Treasury Strategic Goal:	Per the annual Service Level Agreement (SLA)	Three days	Receive a "green status" for the	Successfully meet the Secretary of

		Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of IRS financial reports by closing within three business days of the new month.		monthly CFO financial reporting "scorecard" that is distributed by the Secretary of Treasury.	Treasury's mandate for 3 day close. IRS met most recent 3 day close initiative on April 5, 2005.
5	2005	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Per the annual Service Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of IRS financial report generation within one hour.	30 minutes	Generate selected report with 30 minutes of user request.	Per review of DCC system logs, all reports generate within 30 minutes. Performance metric is being met as of April 11, 2005.
6	2005	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Per the annual Service Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of the IRS accelerated financial audit by completing the audit by November 15, 2005.	15 days	Receive an unqualified opinion of IRS's custodial financial audit from GAO.	Issue the audited unqualified financial statements on November 15th, 2005.
7	2006	Treasury	Per the annual Service	Three days	Receive a "green	Successfully meet

		Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of IRS financial reports by closing within three business days of the new month.		status" for the monthly CFO financial reporting "scorecard" that is distributed by the Secretary of Treasury.	the Secretary of Treasury's mandate for 3 day close. IRS met most recent 3 day close initiative on April 5, 2006.
8	2006	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Per the annual Service Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of the IRS accelerated financial audit by completing the audit by November 15, 2006.	15 days	Receive an unqualified opinion of IRS's custodial financial audit from GAO.	-
9	2006	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Partially correct the weakness (Number IRS-4A-95-01) cited by GAO and TIGTA pertaining to the lack of a subsidiary ledger in financial reporting.	Manually extract taxpayer data from the IRS Master Files to reconcile with the deposit summary totals from IRACS.	To correct the material weakness cited by GAO and TIGTA. This performance goal is one of several solutions conceived by the business to satisfy GAO and TIGTA.	Implemented an interface with Electronic Federal Tax Payment System (EFTPS) in January 2006 to record a Trace ID number which will map back to the original IRS IT system that processed the money.
10	2007	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal:	Per the annual Service Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours	Three days	Receive a "green status" for the monthly CFO financial reporting "scorecard" that is distributed by the Secretary of	-

		Productivity through a Quality Work Environment	of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of IRS financial reports by closing within three business days of the new month.		Treasury.	
11	2007	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Per the annual Service Level Agreement (SLA) between CFO and the Detroit Computing Center (DCC), continuance of performance goals (response time, hours of operations for online transactional processing, etc.) are agreed upon as defined by business user requirements in the original system specifications. Maintain the timeliness and quality of the IRS accelerated financial audit by completing the audit by November 15, 2007.	15 days	Receive an unqualified opinion of IRS's custodial financial audit from GAO.	-
12	2007	Treasury Strategic Goal: Manage the U.S. Government's Finances Effectively. IRS Strategic Goal: Productivity through a Quality Work Environment	Partially correct the weakness (Number IRS-4A-95-01) cited by GAO and TIGTA pertaining to the lack of a subsidiary ledger in financial reporting.	Decisions on collection of Unpaid Assessments are based on piecemeal data supplied by poorly-integrated systems which are incapable of providing timely data.	To correct the material weakness cited by GAO and TIGTA. This performance goal is one of several solutions conceived by the business to satisfy GAO and TIGTA.	-

All new IT investments initiated for FY 2005 and beyond must use Table 2 and are required to use the FEA Performance Reference Model (PRM). Please use Table 2 and the PRM to identify the performance information pertaining to this major IT investment. Map all Measurement Indicators to the corresponding "Measurement Area" and "Measurement Grouping" identified in the PRM. There should be at least one Measurement Indicator for at least four different Measurement Areas (for each fiscal year). The PRM is available at [www.egov.gov](http://www.egov.gov).

Table 2

Fiscal Year	Measurement Area	Measurement Grouping	Measurement Indicator	Baseline	Planned Improvement to the Baseline	Actual Results
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In order to successfully address this area of the business case and capital asset plan you must ensure the investment is included in the agency's EA and Capital Planning and Investment Control (CPIC) process, and is mapped to and supports the FEA. You must also ensure the business case demonstrates the relationship between the investment and the business, performance, data, services, application, and technology layers of the agency's EA.

1. Is this investment included in your agency's target enterprise architecture?

yes

2. Is this investment included in the agency's EA Transition Strategy?

yes

2.a. If yes, provide the investment name as identified in the Transition Strategy provided in the agency's most recent annual EA Assessment.

Interim Revenue Accounting Control System (IRACS)

3. Identify the service components funded by this major IT investment (e.g., knowledge management, content management, customer relationship management, etc.). Provide this information in the format of the following table. For detailed guidance regarding components, please refer to <http://www.whitehouse.gov/omb/egov/>.

Component: Use existing SRM Components or identify as NEW. A NEW component is one not already identified as a service component in the FEA SRM.

Reused Name and UPI: A reused component is one being funded by another investment, but being used by this investment. Rather than answer yes or no, identify the reused service component funded by the other investment and identify the other investment using the Unique Project Identifier (UPI) code from the OMB Ex 300 or Ex 53 submission.

Internal or External Reuse?: Internal reuse is within an agency. For example, one agency within a department is reusing a service component provided by another agency within the same department. External reuse is one agency within a department reusing a service component provided by another agency in another department. A good example of this is an E-Gov initiative service being reused by multiple organizations across the federal government.

Funding Percentage: Please provide the percentage of the BY requested funding amount used for each service component listed in the table. If external, provide the funding level transferred to another agency to pay for the service.

	Agency Component Name	Agency Component Description	Service Type	Component	Reused Component Name	Reused UPI	Internal or External Reuse?	Funding %
1	Tax Account Management Business Logic	Provides GAO with financial accounting information relative to taxpayer remittances, refunds, credits, etc.	Data Management	Data Exchange			No Reuse	100

4. To demonstrate how this major IT investment aligns with the FEA Technical Reference Model (TRM), please list the Service Areas, Categories, Standards, and Service Specifications supporting this IT investment.

FEA SRM Component: Service Components identified in the previous question should be entered in this column. Please enter multiple rows for FEA SRM Components supported by multiple TRM Service Specifications.

Service Specification: In the Service Specification field, Agencies should provide information on the specified technical standard or vendor product mapped to the FEA TRM Service Standard, including model or version numbers, as appropriate.

	SRM Component	Service Area	Service Category	Service Standard	Service Specification (i.e., vendor and product name)
1	Data Exchange	Component Framework	Business Logic	Platform Independent	Computer Associates Advantage:Gen
2	Data Exchange	Component Framework	Data Management	Database Connectivity	IBM DB/2
3	Data Exchange	Component Framework	Presentation / Interface	Content Rendering	Computer Associates Advantage:Gen
4	Data Exchange	Component Framework	Presentation / Interface	Static Display	Computer Associates Advantage:Gen



5	Data Exchange	Component Framework	Data Interchange	Data Exchange	IBM Direct:Connect
6	Data Exchange	Component Framework	Data Management	Reporting and Analysis	Computer Associates Advantage:Gen
7	Data Exchange	Service Access and Delivery	Access Channels	Collaboration / Communications	Microsoft Outlook
8	Data Exchange	Service Access and Delivery	Service Requirements	Legislative / Compliance	Computer Associates Advantage:Gen
9	Data Exchange	Service Access and Delivery	Service Transport	Service Transport	Microsoft Outlook
10	Data Exchange	Service Interface and Integration	Interoperability	Data Format / Classification	IBM DB/2
11	Data Exchange	Service Platform and Infrastructure	Database / Storage	Database	IBM DB/2
12	Data Exchange	Service Platform and Infrastructure	Software Engineering	Integrated Development Environment	Microsoft Server 2000

5. Will the application leverage existing components and/or applications across the Government (i.e., FirstGov, Pay.Gov, etc)?

no

5.a. If yes, please describe.

No.

6. Does this investment provide the public with access to a government automated information system?

no

## PART TWO

### RISK

*You should perform a risk assessment during the early planning and initial concept phase of the investment's life-cycle, develop a risk-adjusted life-cycle cost estimate and a plan to eliminate, mitigate or manage risk, and be actively managing risk throughout the investment's life-cycle.*

*Answer the following questions to describe how you are managing investment risks.*

1. Does the investment have a Risk Management Plan?

yes

1.a. If yes, what is the date of the plan?

2006-10-20

1.b. Has the Risk Management Plan been significantly changed since last year's submission to OMB?

no

3. Briefly describe how investment risks are reflected in the life cycle cost estimate and investment schedule: (O&M investments do NOT need to answer.)

The customer issues DME changes for the investment through the service-wide Unified Work Requests (UWRs) process. UWRs are issued to request changes to a system. During the negotiation process to answer the customer's request, the project team analyzes current steady state and DME workload to complete the work requested in the UWR, as well as agreeing with or modifying the implementation schedule. User approval is required to change the terms of the UWR. Consequently, risk is minimized. IRACS continues to deliver UWR (DME) program changes timely and within budget. 99 percent of the lifecycle costs for BY 2008 and beyond is labor costs. If adverse actions occur that may jeopardize the schedule, deliveries will be rescheduled, with concurrence, from the business user to accomplish program goals with little impact to the cost estimate.

### COST & SCHEDULE

*What costs are included in the reported Cost/Schedule Performance information?*

Government Only

2.e. As of date:

2006-09-30
<i>7.b. If yes, explain the variance.</i>
The 26.19 percent variance was caused by additional labor resources made available by the IRS Test, Assurance, and Documentation (TAD) organization to test IRACS program changes for FY 06. The additional resources improve functionality and reduce risk of erroneous IRS custodial financial reporting. Per a meeting between IRS executives and Ira Hobbs on November 1, 2006, variance reporting upon IRS actions that enhance the project will be re-evaluated by Treasury.
<i>7.c. If yes, what corrective actions are being taken?</i>
The 26.19 percent variance was caused by additional labor resources made available by the IRS Test, Assurance, and Documentation (TAD) organization to test IRACS program changes for FY 06. The additional resources improve functionality and reduce risk of erroneous IRS custodial financial reporting. Per a meeting between IRS executives and Ira Hobbs on November 1, 2006, variance reporting upon IRS actions that enhance the project will be re-evaluated by Treasury. The project manager will continue to proactively monitor and adjust planning based on usage, risk assessment results, cost, schedule, and performance information.
<i>8. Have any significant changes been made to the baseline during the past fiscal year?</i>
no